

The Board of Directors
South China Financial Holdings Limited
28th Floor,
Bank of China Tower,
1 Garden Road,
Central, Hong Kong

2 August 2019

South China Financial Holdings Limited
(the “Company”, together with its subsidiaries, the “Group”)

**(I) Proposed rights issue on the basis of three rights shares for every two shares
held on the record date; and (II) application for whitewash waiver**

Dear Sirs,

Reference is made to the circular (the “**Circular**”) issued by South China Financial Holdings Limited (the “**Company**”) dated 2 August 2019, of which this letter forms part. Unless otherwise specified, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

We refer to the section headed “Material Change” in Appendix IA to the Circular which states that, as disclosed in the Positive Profit Alert Announcement, based on the unaudited condensed consolidated results of the Group for the six months ended 30 June 2018 and 30 June 2019, the Group recorded (i) a fair value gain on the listed equity investments for the six months ended 30 June 2019 of not less than approximately HK\$21 million against the fair value loss on the listed equity investments of not more than approximately HK\$99 million in the corresponding period in 2018; and (ii) gain on the trading of securities, forex and futures contracts for the six months ended 30 June 2019 of not less than approximately HK\$37 million against the loss on the trading of securities, forex and futures contracts of not more than approximately HK\$20 million in the corresponding period in 2018, which may together positively affect the unaudited consolidated profit before tax from continuing operations of the Group for the six months

ended 30 June 2019 (“**Positive Profit Alert Statement**”).

The Positive Profit Alert Statement constitutes a profit forecast under Rule 10 of the Takeovers Code and must be reported on by the financial adviser and the auditors or consultant accountants of the Company.

We have reviewed the Positive Profit Alert Statement and other relevant information and documents (in particular, the unaudited consolidated management account of the Group for the six months ended 30 June 2019 (the “**Management Account**”) which you as the Directors are solely responsible for, and discussed with you and the senior management of the Company the information and documents (in particular, the Management Account) provided by you which formed the key bases upon which the Positive Profit Alert Statement has been made. In respect of the accounting policies and calculations concerned, upon which the Positive Profit Alert Statement has been made, we have relied upon the report as contained in Appendix IB to the Circular addressed to the Board from Ernst & Young, the auditor of the Company, who is of the opinion that so far as the accounting policies and calculations are concerned, the Positive Profit Alert Statement has been properly compiled on a basis consistent with the accounting policies normally adopted by the Group as set out in the annual report of the Company for the year ended 31 December 2018.

On the basis of the foregoing, we are of the opinion that the Positive Profit Alert Statement for which the Directors are solely responsible, has been made by the Directors with due care and consideration.

Yours faithfully,

For and on behalf of,

Lego Corporate Finance Limited

A handwritten signature in black ink, appearing to read 'Billy Tang', with a stylized flourish at the end.

Billy Tang

Managing Director